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*Feb*  
BETHLEHEM COPPER  
CORPORATION LTD.  
14th ANNUAL REPORT  
FOR THE YEAR ENDED FEBRUARY 28, 1969





## DIRECTORS

- RICHARD F. DOOLEY, Chicago  
President of Favor Ruhl & Watson Co.
- HERMAN H. HUESTIS, Vancouver  
Former President of the Company,  
now retired and engaged in farming.
- KENJIRO KAWAKAMI, Tokyo  
President of Sumitomo Metal  
Mining Co. Ltd.
- JOHN A. McLALLEN, Vancouver  
Managing Director of Capilano Timber  
Co. Ltd.
- WILLIAM H. McLALLEN, SR., Vancouver  
President of Capilano Timber Co. Ltd.
- HUGH A. MARTIN, Vancouver  
President of Western Construction &  
Engineering Research Ltd.
- YOSHIYUKI MARUO, Vancouver  
Vice-President of Sumitomo Metal  
Mining Company of Canada Ltd.
- KUNIO OHTA, Tokyo  
Managing Director and General Manager  
of a division of Sumitomo Shoji  
Kaisha Ltd.
- PATRICK M. REYNOLDS, Vancouver  
President and Chief Executive Officer of  
Bethlehem Copper Corporation Ltd.

## FRONT COVER

Reproduction of painting by Mr. John Dyson.  
Bethlehem's Jersey open pit - Highland Valley, B.C.

## OFFICERS



JOHN A. McLALLEN  
Chairman of the Board

- PATRICK M. REYNOLDS  
President and Chief Executive Officer
- RICHARD F. DOOLEY  
Vice-President
- YOSHIYUKI MARUO  
Vice-President
- KEITH E. STEEVES, C.A.  
Secretary-Treasurer

## HONORARY POSITION

- HERMAN H. HUESTIS  
Honorary Vice-Chairman

## EXCHANGE LISTINGS

Shares of this Company are listed on the  
Vancouver, Toronto and Canadian Stock Exchanges

## REGISTRAR

Guaranty Trust Company of Canada, Vancouver

## TRANSFER AGENTS

Guaranty Trust Company of Canada  
Vancouver and Toronto, Canada  
Registrar and Transfer Company  
Jersey City, New Jersey, U.S.A.

## BANK

Bank of Montreal, Vancouver and Ashcroft, B.C.

## AUDITORS

Arthur Andersen & Co., Vancouver

## SOLICITORS

Lawrence & Shaw, Vancouver

## OFFICES

Head Office: 1818 - 355 Burrard Street, Vancouver 1, B.C.  
Mine Office: P.O. Box 520, Ashcroft, B.C.

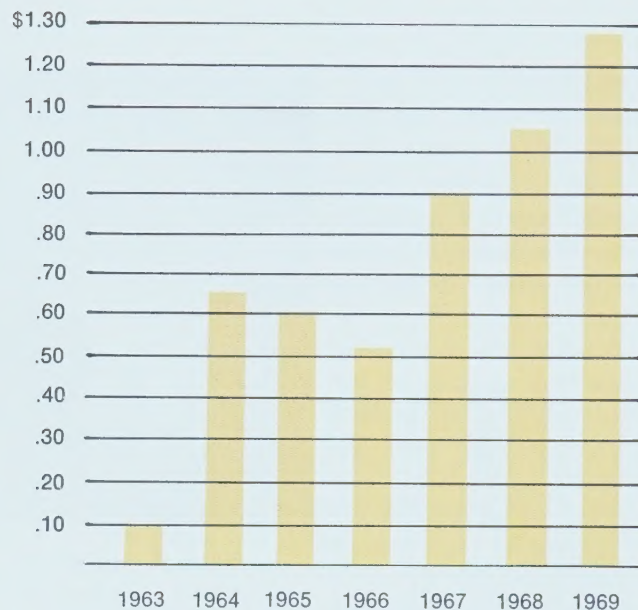
## ANNUAL MEETING

The Annual General Meeting of Bethlehem  
Copper Corporation Ltd. will be held on  
Friday, June 20th, 1969 at 10:00 a.m. in the  
MacKenzie Room, Bayshore Inn,  
1601 West Georgia Street, Vancouver, Canada.

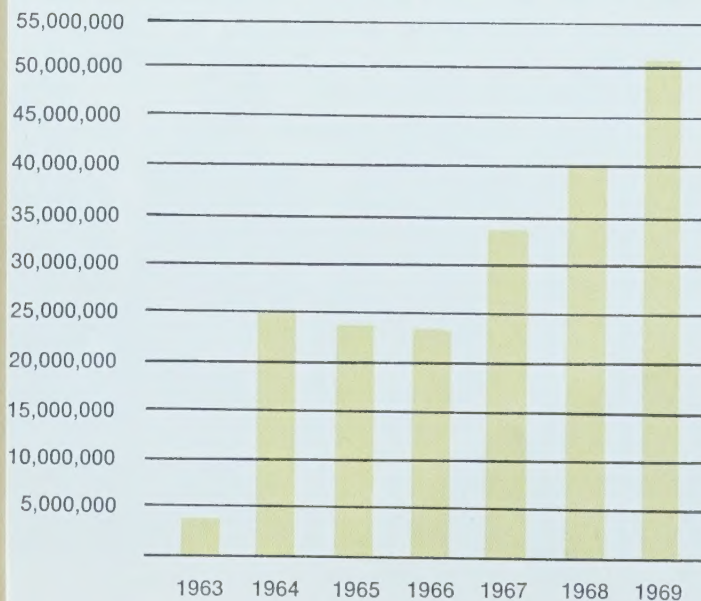
## The Year at a Glance

	1968	1969
Net income .....	\$ 5,506,661	\$ 6,799,844
Income per share .....	\$ 1.05	\$ 1.27
Dividends declared .....	\$ 2,363,125	\$ 2,512,149
Dividends per share .....	45c	47.5c
Tons milled .....	4,136,167	5,080,664
Revenue per ton milled .....	\$ 4.80	\$ 4.88
Direct costs per ton milled .....	\$ 2.29	\$ 2.13
Pounds of copper produced .....	40,143,527	50,499,680
Shares issued .....	5,261,250	5,346,343
Proven ore reserves (tons) .....	70,060,772	65,000,000
Employees .....	304	367
Total company payroll .....	\$ 1,676,730	\$ 2,752,762
Capital expenditures .....	\$ 4,261,027	\$ 2,438,376
Working capital .....	\$ 4,577,688	\$ 4,521,420

## Earnings Per Share



## Pounds Copper Produced





## DIRECTORS

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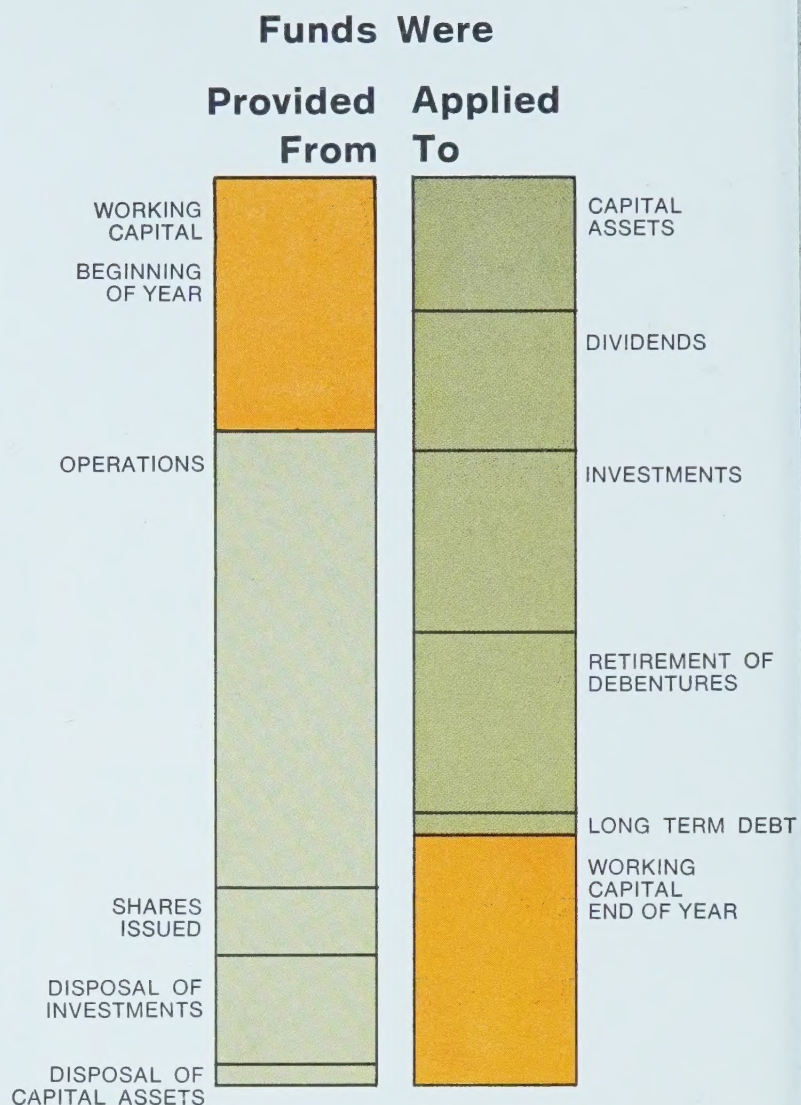
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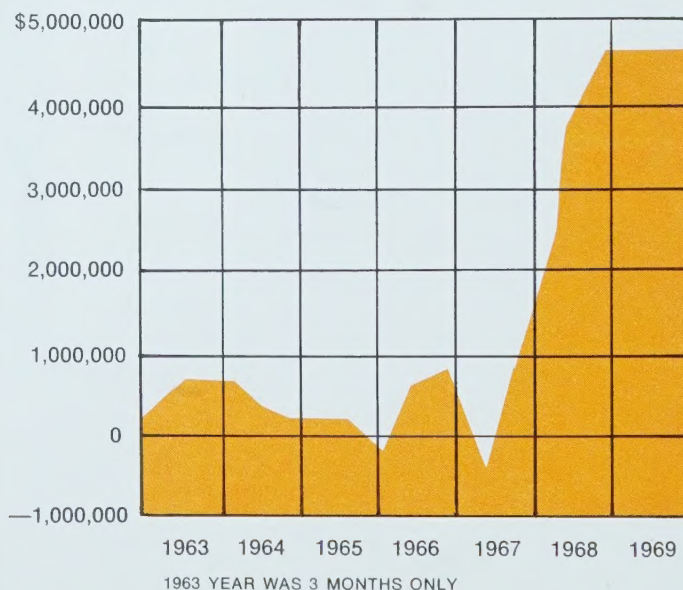
PATRICK M. REYNOLDS, Vancouver  
President and Chief Executive Officer of  
Bethlehem Copper Corporation Ltd.

## FRONT COVER

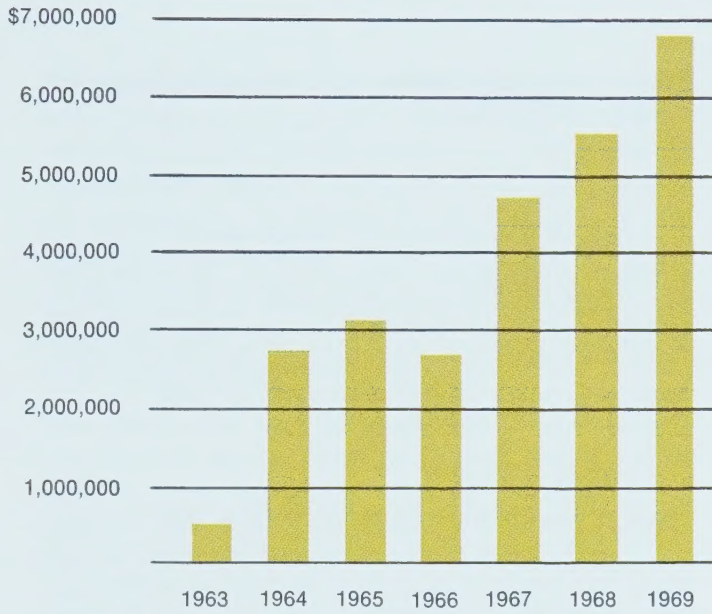
Reproduction of painting by Mr. John Dyson.  
Bethlehem's Jersey open pit - Highland Valley, B.C.



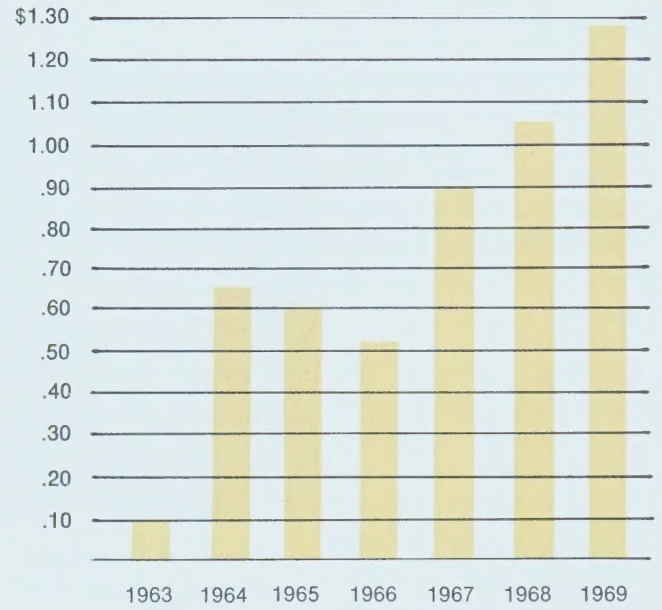
## Working Capital



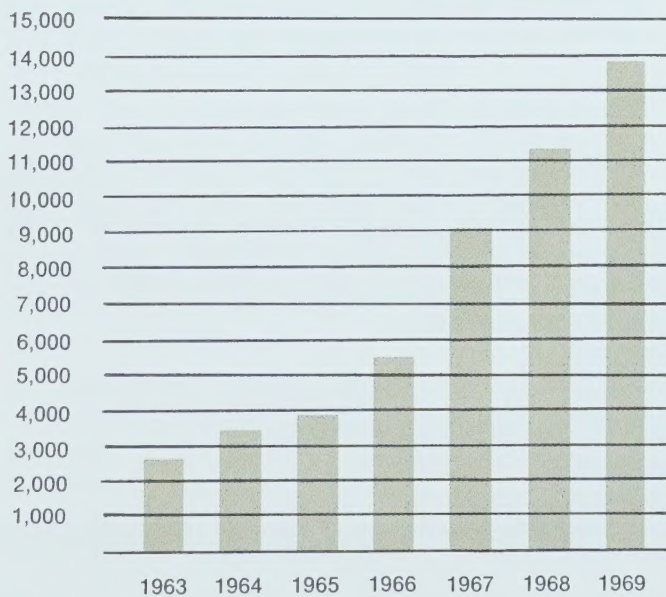
### Net Income



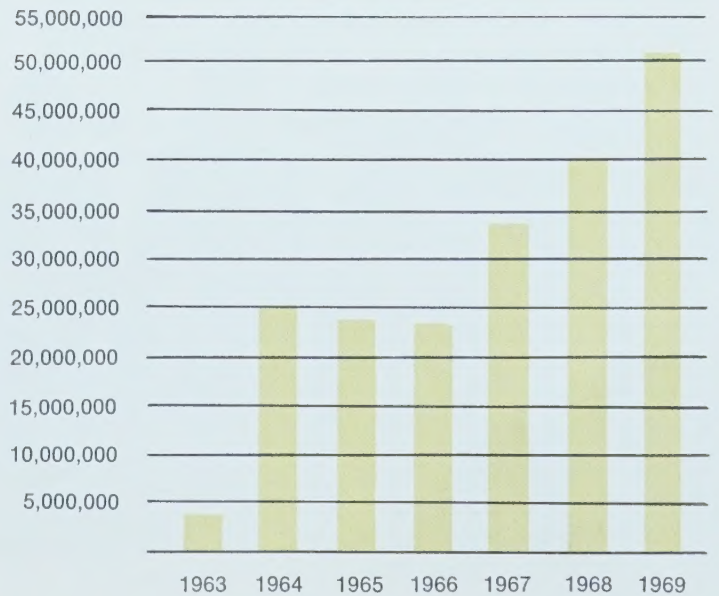
### Earnings Per Share



### Average tons of ore processed per day



### Pounds Copper Produced







## Directors' Report to the Shareholders

### EARNINGS AND TAXES

The fiscal year ended February 28th, 1969 was one of satisfactory accomplishment. The mine operating profit amounted to \$14,390,329 before making provision for exploration, interest, depreciation and income taxes. The net profit of \$6,799,844 resulted in per share earnings of \$1.27 compared to \$1.05 in the previous year.

The fast developing mining industry in British Columbia is making a vast contribution to the growth of the economy of the Province. Our company, which commenced production in December 1962, is an example of the industry's achievement. We now employ approximately 350 people and many more jobs in service industries have resulted through the development of our mine.

The metal produced in British Columbia far exceeds the needs of the Province's population. Through export, large amounts of foreign funds are earned and permanently introduced into the economy, contributing substantially to Canada's balance of payments and to the high standard of living enjoyed in our country.

Direct taxes paid by Bethlehem involve a significant cash outlay. During the year these were:

(a) Income taxes shared by Federal and Provincial Governments (not including provision for deferred income tax) .....	\$ 3,500,000
(b) Mining taxes payable to the Provincial Government .....	\$ 1,375,000
(c) Local taxes .....	\$ 101,000
(d) Provincial taxes paid on equipment and supply purchases .....	\$ 186,000
(e) Income taxes remitted on behalf of employees .....	\$ 480,000
	<hr/>
	\$ 5,642,000



**PATRICK M. REYNOLDS**  
President & Chief Executive Officer

These items total more than twice the dividends paid to shareholders.

### DIVIDENDS

The quarterly dividend was increased to 12½c per share in September 1968. During the fiscal year the dividends declared amounted to \$2,512,149, or 47½c per share. This brings the total dividends paid from the time production commenced in late 1962 until March 31st, 1969 to \$9,827,249.

### WORKING CAPITAL

The working capital at February 28th, 1969 amounted to \$4,521,420. This was a decrease of \$56,268 from the previous year, but, in making a comparison, it must be remembered that during the year \$3,779,340 was paid out for the redemption of the Ten Year Convertible Sinking Fund Debenture, which was sold in 1965 to provide funds for plant expansion purposes. The ratio of current assets to current liabilities is 1.7:1.

### BETHEX EXPLORATIONS LTD. (N.P.L.)

In early 1969, Bethlehem purchased all the assets of Bethex Explorations Ltd. (N.P.L.), except the shares of Valley Copper Mines Ltd. owned by Bethex, for 53,468 shares of Bethlehem. Bethex was liquidated and Bethlehem became the owner of 513,358 shares of Valley Copper, which now have a market value exceeding \$10,000,000.

### IONARC SMELTERS LTD. (N.P.L.)

During the year the company increased its investment in Ionarc Smelters Ltd. (N.P.L.) to 120,000 shares. Ionarc is listed on the Vancouver Stock Exchange and is trading at approximately \$12.00 per share. This puts a value of \$1,444,000 on Bethlehem's investment.

### HIGHLAND VALLEY PROPERTY

(486 mineral claims of which 56 are Crown-granted)

### OPERATIONS

All ore processed during the year was mined from



the Jersey orebody. The stripping ratio has been maintained at 2:1 and the waste ratio to ore remaining in the Jersey pit is 0.2:1. The mining department moved 5,922,000 tons of ore and 11,359,000 tons of waste at the lowest unit cost experienced to date. In the 1969-70 year, the equipment previously used in removing waste from the Jersey orebody will be utilized in stripping the Huestis orebody in order to prepare it for production within the next 2 to 3 years.

The production goal of 50,000,000 pounds of copper forecast by Mr. Thomas P. Liss, General Manager of our Highland Valley Operations, in his report a year ago was exceeded. The daily throughput of the mill averaged 13,920 tons of ore, and the value of copper produced, after allowance for smelter charges, exceeded \$24,000,000.

#### NEW OREBODY

In the early summer of 1968, Valley Copper Mines Ltd. (N.P.L.), which is operated and controlled by Cominco, reported the discovery of wide spread mineralization on its mineral claims about 2½ miles south-west of our mill. This has developed into a major orebody, at least 20% of which extends onto Bethlehem's mineral claims. Our major exploration efforts during the past year were concentrated in that region and our geological staff and geological consultant project indicated and possible tonnage of approximately 200,000,000 tons, grading 0.45% Cu. or better.

Valley Copper has reported to its shareholders that the ore on its mineral claims is estimated to be in excess of 600,000 tons per vertical foot, grading better than 0.40% Cu. The deepest hole drilled by Valley Copper during the year bottomed in mineralization at a depth of approximately 1,500 feet.

As mentioned earlier, Bethlehem owns 513,358 shares of Valley Copper out of a 10,000,000 share authorized capital. It is also entitled to receive a royalty of 2½ % of the net smelter return

before freight charges on more than 75% of the ore which will be mined from the Valley Copper property. Assuming an operation processing 25,000,000 tons of ore annually, and based upon our 1968 operating results, the royalty from Valley Copper would add approximately \$2,000,000 to Bethlehem's annual income for upwards of 40 years.

#### ORE RESERVES

The efforts of the exploration department were concentrated on the new orebody where approximately 200,000,000 tons of indicated and possible ore were developed. Consequently, no work was done on the other ore zones to add to the proven ore reserves, which now stand at 65,000,000 tons. In the current fiscal year, exploration will again be concentrated in the general area of the Jersey and Huestis orebodies with the object of adding to the reserves of proven ore.

#### HOUSING

Housing accommodation is very scarce in the Village of Ashcroft. The company now has under construction and nearing completion 24 apart-

Officers of the Company at monthly meeting with General Manager and his Department Heads.





Herman H. Huestis, former President of the Company, now retired, raising beef cattle on his farm south of Abbotsford, B.C. Shown with him is Mrs. Huestis.



ments which will bring the total company owned apartments and townhouses to 100. During the past year, we have acquired in Ashcroft 14 acres which is being developed as a trailer park and 31 acres which will be subdivided for employee housing purposes.

#### EXPLORATION OUTSIDE HIGHLAND VALLEY

An active exploration program is being planned for the summer of 1969. The principal areas to be examined, all in British Columbia, are:

**TASEKO LAKE**—disseminated copper mineralization occurring within a block of 81 wholly owned mineral claims will be explored by drilling.

**TOPLEY**—this block of 73 wholly owned mineral claims, situated approximately 20 miles south of Granisle, will be investigated for copper-molybdenum mineralization.

**OX LAKE**—a wholly owned block of 100 mineral claims, located 75 miles south of Smithers, will be investigated for copper-molybdenum mineralization.

**CINNABAR BASIN**—this property situated in the Bridge River district is comprised of two separate claim blocks, which we have acquired under option and in which Bethlehem may earn an 80% interest. Detailed investigations will be conducted over a number of cinnabar and tungsten occurrences.

**PITMAN**—this wholly owned block of 28 mineral claims is situated approximately 20 miles north-east of Terrace. Surface investigations will be conducted over base metal and molybdenum occurrences.

Mineral claims in the Atlin area and Mamit Lake area are being held for future exploration, but no work is planned in the 1969 season. In our report a year ago, mention was made of coal licences in the Morice River area, near Smithers. An extensive exploration program last summer indicated the presence of coal, but the grade was sub-marginal and the licences were not renewed.

#### PERSONNEL

The Directors express their appreciation to Mr. Thomas P. Liss, B.Sc., General Manager of our Highland Valley operations, to his department managers and to all employees for their contribution to the continued growth and success of our company.



Dr. G. Neil Perry, Deputy Minister of Education, awarding the Bethlehem Scholarship at the British Columbia Institute of Technology.

On behalf of the Board of Directors

Patrick M. Reynolds  
President

May 7th, 1969





## General Manager's Report

I am pleased to submit a report on the Highland Valley operations for the fiscal year 1968-69. The year has been one of consolidating the numerous expansion and modification programs undertaken in previous years. For comparison purposes figures are included for the previous year:

		This Year	Last Year
<b>Mine</b>			
Ore:	From Jersey pit _____ tons	5,590,325	3,280,800
	From marginal stockpile _____ tons	331,572	1,009,200
Waste:	From Jersey pit _____ tons	11,359,491	6,035,000
	Stripping ratio _____ waste:ore	2.03:1	1.84:1

<b>Plant</b>			
Ore milled _____ tons	5,080,664	4,136,167	
Copper contained _____ %	0.581	0.584	
Copper in tailings _____ %	0.088	0.096	
Copper in concentrate _____ %	34.69	33.38	
Copper produced _____ pounds	50,499,680	40,143,527	



**THOMAS P. LISS, B.Sc.**

On June 1st, 1969, Mr. Liss was awarded the honorary professional degree of Mineral Dressing Engineer by the Montana College of Mineral Science and Technology in recognition of an outstanding career in the mineral industry.

New records were established for both the mine and plant operations. I am pleased to draw to your attention that the goals forecast at the shareholders meeting a year ago, of 5,000,000 tons of ore to be treated and the production and marketing of 50,000,000 pounds of copper, were achieved.

### COSTS

In spite of the continued increase in cost of supplies and labour, our direct production costs improved in comparison to past years:

	This Year	Last Year
Direct operating cost per ton ore milled (includes mining, milling, administration, property overhead and marketing) _____	\$ 2.13	\$ 2.29
Plant depreciation per ton ore milled _____	.13	.16
Mine equipment depreciation (owned equipment) _____	.08	.05
Exploration per ton ore milled _____	.11	.09
Total direct costs per ton ore milled _____	2.45	2.59

Taking into account the stripping ratio which we have maintained, our costs compare very favourably with similar operations in North America. The operating and research departments are continually searching for and investigating ways to either reduce or stabilize costs and to improve recovery of the metals.

### REVENUE

The record production achieved, coupled with a favourable copper price, resulted in the highest gross revenue experienced since production commenced in late 1962. The figure of \$24,817,860 was an increase of \$4,946,646, or 25%, over the previous year.

### MINING OPERATIONS

On November 1st, 1967, Bethlehem began doing its mining with its own equipment and crew, where previously a contractor had been employed for this purpose. All equipment is owned, with the exception of fifteen 50-ton ore trucks which have been leased on a three year basis with the right to purchase at the end of the lease contract. Operating costs, including depreciation on owned equipment and the rental paid for trucks, amounted to 28c per ton of material moved. This was 9c per ton lower than the price previously paid to the contractor and becomes quite a significant saving when applied to the 17,000,000 tons of material moved.

During the year, we maintained a stripping ratio of 2:1. In the early summer of 1969, the waste removal from the Jersey pit will be virtually completed and equipment will be moved to the Huestis zone where a two year program of stripping will commence in order to prepare that orebody for mining.

### PLANT OPERATIONS

The average mill throughput for the year was 13,920 tons per day. When the mill modifications were undertaken three years ago, we expected that



the plant would stabilize around the 12,000 ton per day capacity. We are pleased that through extensive studies directed towards maximum utilization of equipment, we have been able to attain the almost 14,000 ton per day result. In spite of the increased throughput, the metallurgical results obtained exceeded those of the previous year.

From mid-December to March 1st of this year, we experienced what was probably the most severe winter conditions encountered in Highland Valley for the past 50 years. Our plant throughput was seriously affected in that period and fell to an average of 12,840 tons per day. Our main bottleneck centred on the crushing plant. In order to avoid such difficulty in future years, we are undertaking modifications to improve existing facilities and doing preliminary design studies to increase the crushing capacity.

#### PROPERTY AND INDUSTRIAL ENGINEERING

This department is responsible for planning and supervision of industrial engineering programs, construction projects and housing facilities. It is also responsible for safety.

Major construction projects undertaken during the year were:

- (i) concentrate storage facility at mine site was increased from 200 tons to 600 tons
- (ii) new locker and lunchroom facilities for the plant personnel

- (iii) erection of a carpenter and rubber repair building
- (iv) modifications to the machine shop
- (v) addition of a tire repair bay and motor repair shop to the heavy equipment service garage
- (vi) construction of a 20 unit apartment building in Ashcroft
- (vii) commenced an additional 24 apartments which will be completed in July of this year.

An active safety program resulted in a decline in the accident frequency rate and complimentary reports from mining and fire inspectors. I am pleased to report that Bethlehem employees, in competition with mines from our district, were awarded a plaque for being judged the best team in mine rescue work.

#### ADMINISTRATION DEPARTMENT

During the year we changed our method of processing accounting and warehouse records from a manual to a data processing system. Greater control over costs has resulted, as well as more efficient control in our purchasing department.

#### LABOUR

The labour agreement with our employees expires on June 30th, 1969, and negotiations for a new contract are in progress.



Atomic Absorption Spectrophotograph.



Setting casing - Lake Zone.





Computer used for calculations  
in engineering office

#### FORECAST FOR FISCAL YEAR 1969

We expect that production during the 1969-70 fiscal year will be about the same as in the year just concluded. Operating costs will probably escalate to some degree because of gradual increases being experienced in operating supplies and due to an anticipated higher labour rate when the new labour contract is finalized.

#### ACKNOWLEDGEMENT

I would like to express my appreciation to all our employees and to our consultants, Messrs. R. M. Belliveau, mining, L. H. Lange, mill and metallurgy, J. D. Lowell, geology, for their assistance in achieving the record results during the fiscal year. Also, my thanks to the Board of Directors for the support they have given me.

*Thomas P. Liss*

Thomas P. Liss, B.Sc.  
General Manager  
Highland Valley Operations



45-R. Bucyrus-Erie drill  
in Jersey pit.

May 1st, 1969







AN  
E BODIES







Exploration on placer leases near Princeton, B.C.



Loading concentrates for shipment to Japan.

All rubber linings are now installed at mine site.







## *Statement of Income and Retained Earnings*

FOR THE YEAR ENDED FEBRUARY 28, 1969  
(WITH COMPARATIVE FIGURES FOR THE YEAR ENDED FEBRUARY 29, 1968)

	1969	1968
Concentrate revenue .....	<b>\$24,817,860</b>	\$19,871,214
Production, administration, transportation and marketing costs .....	<b>10,836,064</b>	9,462,988
	<b>\$13,981,796</b>	\$10,408,226
Investment income .....	<b>408,533</b>	256,657
	<b>\$14,390,329</b>	\$10,664,883
Depreciation .....	<b>\$ 1,094,468</b>	\$ 841,605
Exploration .....	<b>545,569</b>	390,760
Interest .....	<b>20,967</b>	229,777
Debenture discount and premium .....	<b>336,744</b>	31,080
	<b>\$ 1,997,748</b>	\$ 1,493,222
INCOME BEFORE INCOME AND MINING TAXES .....	<b>\$12,392,581</b>	\$ 9,171,661
Provision for income and mining taxes (Note 4):		
Current .....	<b>\$ 4,886,811</b>	\$ 2,818,000
Deferred .....	<b>705,926</b>	847,000
	<b>\$ 5,592,737</b>	\$ 3,665,000
NET INCOME .....	<b>\$ 6,799,844</b>	\$ 5,506,661
Dividends .....	<b>(2,512,149)</b>	(2,363,125)
Retained earnings at beginning of year .....	<b>7,861,036</b>	4,717,500
RETAINED EARNINGS AT END OF YEAR .....	<b>\$12,148,731</b>	\$ 7,861,036

The accompanying notes to financial statements are an integral part of this statement.





## ***Balance Sheet as at February 28, 1969***

(WITH COMPARATIVE FIGURES AS AT FEBRUARY 29, 1968)

### **ASSETS**

	1969	1968
<b>CURRENT ASSETS:</b>		
Cash and short-term deposits (Note 6) .....	\$ 6,770,761	\$ 7,035,232
Accounts receivable (Notes 3 and 6) .....	655,264	1,003,382
Inventories—		
Concentrates, at estimated net realizable value .....	2,116,036	1,510,245
Materials and supplies, at average cost .....	1,393,156	1,201,166
Prepaid expenses .....	95,553	107,888
<b>TOTAL CURRENT ASSETS</b> .....	<b>\$11,030,770</b>	<b>\$10,857,913</b>
<b>INVESTMENTS</b> , at cost (Note 2) .....	<b>\$ 2,301,435</b>	<b>\$ 1,093,022</b>
<b>CAPITAL ASSETS</b> , at cost:		
Buildings, equipment and roads (Note 3) .....	<b>\$16,186,504</b>	<b>\$14,516,450</b>
Less—Accumulated depreciation .....	<b>2,775,056</b>	<b>1,975,049</b>
	<b>\$13,411,448</b>	<b>\$12,541,401</b>
Mineral claims .....	<b>246,622</b>	<b>145,988</b>
Land and land rights .....	<b>323,238</b>	<b>98,077</b>
	<b>\$13,981,308</b>	<b>\$12,785,466</b>
<b>UNAMORTIZED DEBENTURE DISCOUNT</b> .....	<b>\$ —</b>	<b>\$ 153,403</b>
	<b>\$27,313,513</b>	<b>\$24,889,804</b>

On behalf of the Board:

J. A. McLALLEN, Director

P. M. REYNOLDS, Director

The accompanying notes to financial statements are an integral part of this balance sheet.



## LIABILITIES AND SHAREHOLDERS' EQUITY

	1969	1968
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued liabilities .....	\$ 1,828,158	\$ 1,763,740
Dividends payable .....	668,293	526,125
Income and mining taxes payable .....	3,724,870	3,620,750
Principal payments on long-term liabilities due within one year .....	288,029	369,610
TOTAL CURRENT LIABILITIES .....	\$ 6,509,350	\$ 6,280,225
 <b>LONG-TERM LIABILITIES</b> (Note 3) .....	 \$ 561,300	 \$ 4,444,793
 <b>DEFERRED INCOME AND MINING TAXES</b> (Note 4) .....	 \$ 2,473,426	 \$ 1,767,500
 <b>SHAREHOLDERS' EQUITY:</b>		
Share capital—		
Common shares, 50c par value;		
authorized, 10,000,000 shares;		
outstanding, 5,346,343 shares in 1969 and		
5,261,250 shares in 1968 (Note 1) .....	\$ 2,673,172	\$ 2,630,625
Contributed surplus .....	2,947,534	1,905,625
Retained earnings .....	12,148,731	7,861,036
	<u>\$17,769,437</u>	<u>\$12,397,286</u>
	<u>\$27,313,513</u>	<u>\$24,889,804</u>
 <b>COMMITMENTS</b> (Note 7)		





## ***Statement of Contributed Surplus***

FOR THE YEAR ENDED FEBRUARY 28, 1969  
(WITH COMPARATIVE FIGURES FOR THE YEAR ENDED FEBRUARY 29, 1968)

	1969	1968
BALANCE AT BEGINNING OF YEAR .....	\$ 1,905,625	\$ 1,708,750
Premium on issue of shares .....	1,037,222	195,000
Premium on conversion of 6% sinking fund debentures into common shares .....	4,687	1,875
BALANCE AT END OF YEAR .....	<u>\$ 2,947,534</u>	<u>\$ 1,905,625</u>

The accompanying notes to financial statements are an integral part of this statement.

### **AUDITORS' REPORT TO THE SHAREHOLDERS**

To the Shareholders,  
Bethlehem Copper Corporation Ltd.:

We have examined the balance sheet of BETHLEHEM COPPER CORPORATION LTD. (a British Columbia company) as of February 28, 1969, and the related statements of income and retained earnings, contributed surplus and source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We have previously examined and reported on the financial statements for the preceding year.

In our opinion, the accompanying balance sheet and statements of income and retained earnings, contributed surplus and source and application of funds present fairly the financial position of Bethlehem Copper Corporation Ltd. as of February 28, 1969, and the results of its operations and the source and application of funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

March 27, 1969.

ARTHUR ANDERSEN & CO.





## Statement of Source and Application of Funds

FOR THE YEAR ENDED FEBRUARY 28, 1969  
(WITH COMPARATIVE FIGURES FOR THE YEAR ENDED FEBRUARY 29, 1968)

	1969	1968
<b>APPLICATION OF FUNDS:</b>		
Retirement of 6% Convertible sinking fund debentures .....	\$ 3,779,340	\$ 402,000
Repayment of other long-term liabilities .....	287,494	—
Investments—		
Property held for resale .....	145,970	—
Deferred deposits .....	54,655	130,304
Employee agreements .....	35,937	27,122
Refundable tax .....	—	56,767
Interest bearing securities .....	50,000	—
Shares of other companies .....	2,989,097	250,000
Purchase of capital assets .....	2,438,376	4,261,027
Dividends .....	2,512,149	2,363,125
	<u>\$12,293,018</u>	<u>\$ 7,490,345</u>
<b>SOURCE OF FUNDS:</b>		
Operations—		
Net income .....	\$ 6,799,844	\$ 5,506,661
Add—Expenses not requiring an outlay of funds—		
Depreciation .....	1,094,468	841,605
Deferred taxes .....	705,926	847,000
Debenture discount and premium .....	336,744	35,430
	<u>\$ 8,936,982</u>	<u>\$ 7,230,696</u>
Proceeds from issue of capital stock—		
For cash .....	175,500	214,500
For assets .....	908,956	—
Net proceeds from issue of long-term liabilities .....	—	848,793
Received on investments .....	2,067,749	19,931
Proceeds from sale of capital assets .....	147,563	49,743
	<u>\$12,236,750</u>	<u>\$ 8,363,663</u>
DECREASE (INCREASE) IN WORKING CAPITAL .....	<u>\$ 56,268</u>	<u>\$ (873,318)</u>

The accompanying notes to financial statements are an integral part of this statement.





# Notes to Financial Statements

FEBRUARY 28, 1969

## 1. SHARE CAPITAL

On June 20, 1968, the shareholders authorized an increase in the authorized share capital of the Company from 6,000,000 shares of 50c each par value to 10,000,000 shares of 50c each par value.

On January 23, 1969, the Company and Bethex Explorations Ltd. (N.P.L.) ("Bethex") entered into an Agreement resulting in the distribution to the Company of its pro rata share of Bethex' shareholdings in Valley Copper Mines Ltd. (N.P.L.) and in the purchase of all the assets and the assumption of all the liabilities of Bethex. The consideration included the issue of 53,468 shares of the Company to Bethex which, together with the balance of the shares of Valley Copper Mines Ltd. (N.P.L.), were distributed to the remaining shareholders of Bethex following the placing of Bethex into voluntary liquidation.

\$5,000 principal value of the 6% Convertible Sinking Fund Debentures were converted to 625 Common shares at \$8.00 per share during the year.

The following options to officers and employees to purchase shares of the Company were outstanding as at February 28, 1969:

- 4,000 shares at \$5.50 per share up to December 31, 1970
- 2,000 shares at \$5.50 per share up to December 31, 1971
- 9,000 shares at \$5.50 per share up to December 31, 1972
- 62,000 shares at \$6.25 per share up to December 31, 1977

Options for 31,000 shares were exercised during the year ended February 28, 1969, for total cash consideration of \$170,500.

## 2. INVESTMENTS

Investments consist of the following:

	1969	Cost	1968
Wholly-owned subsidiary company—			
Highland Valley Smelting & Refining Co. Ltd.—			
500 Common shares	\$ 500		\$ 500
Advances	300		200
	<u>\$ 800</u>		<u>\$ 700</u>
Shares in subsidiary company—			
Bethex Explorations Ltd. (N.P.L.) ("Bethex")—			
Common - 900,000 shares	\$ Nil		\$ 325,001
Common B - 200,000 shares	Nil		100,000
	<u>\$ Nil</u>		<u>\$ 425,001</u>
Shares in other companies—			
Mariner Mines Limited—			
75,000 shares (market value 1969 - \$31,125, 1968 - \$12,750)	\$ 75,000		\$ 75,000
Ionarc Smelters Ltd. (N.P.L.)—			
120,000 shares (1968 - 50,000 shares)	\$ 318,750		\$ 25,000
Ultrabasic Minerals Limited (N.P.L.)—			
15,000 shares	\$ 1,500		\$ Nil
Valley Copper Mines Ltd. (N.P.L.)—			
513,358 shares (market value 1969 - \$14,053,175)	\$ 1,046,009		\$ Nil
Norcan Mines Ltd. (N.P.L.)—			
101,037 shares (market value 1969 - \$25,259)	\$ 23,238		\$ Nil
Granite City Platinum Ltd. (N.P.L.)—			
239,398 shares	\$ 12,000		\$ Nil
Property held for resale	\$ 146,770		\$ 4,800
Agreements receivable - employees	\$ 127,017		\$ 109,450
Canada Savings Bonds—			
5¾% due November, 1982	\$ 50,000		\$ Nil
Village of Ashcroft debentures	\$ 6,500		\$ 7,000
Cash values - Life insurance and annuities	\$ 34,959		\$ 10,304
Deferred deposits—			
Rental deposits on equipment	\$ 150,000		\$ 120,000
Special corporation refundable tax	\$ 308,892		\$ 315,767
	<u>\$ 2,301,435</u>		<u>\$ 1,093,022</u>

Highland Valley Smelting & Refining Co. Ltd., Ionarc Smelters Ltd. (N.P.L.), Granite City Platinum Ltd. (N.P.L.) and Ultrabasic Minerals Limited (N.P.L.) are private companies and their shares have no quoted market value.

Highland Valley Smelting & Refining Co. Ltd. is not an operating company and its statements are not consolidated with Bethlehem.



### 3. LONG-TERM LIABILITIES

Long-term liabilities consist of the following:

	1969	1968
6% Convertible Sinking Fund Debentures, Series A, (due October 1, 1975)	\$ Nil	\$ 3,596,000
7¼% Mortgages on Employee Housing Complexes, repayable over 25 years by equal monthly instalments, including interest and taxes	402,934	409,034
7% Bank Loans, secured by assignment of book debts, repayable by September 1970, by equal monthly instalments of principal plus accrued interest	158,366	439,759
	<u>\$ 561,300</u>	<u>\$ 4,444,793</u>

On April 5, 1968, the Company called the 6% Convertible Sinking Fund Debentures for redemption, the redemption price being 105% of the principal value plus accrued interest.

Prior to the redemption date, the Company purchased on the open market \$36,000 principal value of debentures at a cost of \$37,500.

### 4. INCOME AND MINING TAXES

Bethlehem's application for a tax free period with respect to the Jersey mine has been denied by the taxation authorities. Although the Company is appealing this decision, provision has been made for all income and mining taxes which may be assessed to February 28, 1969.

The Company is able to reduce its income and mining taxes currently payable by claiming capital cost allowances in excess of the depreciation recorded in the accounts. The portion of the 1969 provision for income and mining tax which is currently payable amounts to \$4,886,811. The difference of \$705,926, which has been deferred, is applicable to those future periods in which the amounts claimed for tax purposes will be less than the depreciation recorded in the accounts and is accordingly included in the balance sheet as Deferred Income and Mining Taxes. The accumulated amount by which taxes have been so deferred in this and prior years is \$2,473,426.

### 5. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Directors' fees paid during the year ended February 28, 1969, totalled \$30,000. Senior officers, as defined by the B.C. Securities Act of 1967, are the five highest paid employees and the officers and directors who are included. In addition to directors' fees, direct remuneration to such senior officers, which includes two directors, totalled \$190,800 for the year ended February 28, 1969.

### 6. CURRENCY CONVERSION

The Company's U.S. Funds bank account of \$36,000 was converted into Canadian Funds at the rate of exchange on the balance sheet date. Accounts receivable of \$543,000 in U.S. Funds were converted at the rate effective on the dates the invoices were prepared.

### 7. COMMITMENTS

(a) The Company has entered into 36-month lease rental agreements (with option to purchase) on the fifteen 50-ton ore trucks used in its mining operations. The Company's remaining payments to the expiry date of the leases on March 20, 1971 total \$839,222.

(b) Pursuant to an agreement dated June 24, 1968 with Granite City Platinum Ltd. (N.P.L.) ("Granite City"), the Company undertook to expend \$50,000 before June 30, 1969 exploring Granite City's mineral properties or by advances to that company. To maintain the agreement in good standing, the Company must expend a similar amount each year. Bethlehem is entitled to have majority representation on the Board of Directors and to appoint the Chairman of the Board, the President, the General Manager and the Secretary-Treasurer. For all expenditures made pursuant to the agreement, Bethlehem is entitled to receive shares in Granite City as follows:

- (i) Shares at 25c per share for the first \$100,000 expended.
- (ii) Shares at 50c per share for the next \$200,000 expended.
- (iii) Shares at 75c per share for the next \$300,000 expended.
- (iv) Shares at \$1.00 per share for the next \$400,000 expended.

Bethlehem had expended \$59,849 pursuant to the agreement as at February 28, 1969 and has been issued 239,398 shares of Granite City.

(c) On the liquidation of Bethex, the Company assumed all liabilities of that company, including the costs of liquidation and any income or mining taxes that may be payable. These costs are not expected to exceed \$10,000.

(d) Under the terms of an agreement, the Company is required to expend \$25,000 before December 31, 1969, exploring certain mineral properties in the Bridge River area of British Columbia. To extend the agreement beyond that date, the Company must spend a similar amount annually on the property, in addition to payments to the owners not exceeding \$15,000 on January 1st in each of the years 1971-1973. The Company may bring the property into production at any time prior to December 31, 1976 and will then be entitled to an 80% interest.

(e) The Company has acquired a 50% interest in certain mineral claims owned by Adera Mining Limited in the Highland Valley area of British Columbia and is committed to pay the cost of 5,000 feet of diamond drilling on the property. It is estimated that the cost of the diamond drilling will not exceed \$75,000.



# Summary of Operations Since Commencement of Production

	YEARS ENDED					
	Three months ended					
	February 28, 1963	February 29, 1964	February 28, 1965	February 28, 1966	February 28, 1967	February 29, 1968
Net operating income	\$ 487,231	\$ 3,311,144	\$ 3,571,857	\$ 3,114,797	\$ 6,933,628	\$10,408,226
Investment income	5,581	7,755	8,441	11,342	163,315	256,657
	<u>492,812</u>	<u>3,318,899</u>	<u>3,580,298</u>	<u>3,126,139</u>	<u>7,096,943</u>	<u>10,664,883</u>
Depreciation	—	237,115	312,773	317,568	483,204	841,605
Exploration	—	—	—	—	134,222	390,760
Interest on funded debt	79,505	259,220	135,226	30,851	240,273	229,777
Bond discount and premium	—	—	—	9,167	22,000	31,080
Taxes on income, including deferred	—	—	—	—	1,425,500	3,665,000
	<u>79,505</u>	<u>496,335</u>	<u>447,999</u>	<u>357,586</u>	<u>2,305,199</u>	<u>5,158,222</u>
Net income	\$ 413,307	\$ 2,822,564	\$ 3,132,299	\$ 2,768,553	\$ 4,791,744	\$ 5,506,661
Income per share	10c	66c	60c	53c	92c	\$ 1.27
Shares issued	4,215,000	4,270,500	5,201,000	5,211,500	5,222,000	5,346,343
Dry tons milled	231,284	1,265,988	1,444,696	2,007,883	3,279,073	4,136,167
Average tons per calendar day	2,569	3,459	3,958	5,501	8,984	11,301
Average heads - %	.98	1.06	.89	.69	.60	.58
Pounds of copper produced	4,085,854	25,023,892	23,730,516	23,118,998	32,255,986	40,143,527
Average price per lb. of copper - U.S. cents	28.44	28.45	31.81	37.06	48.82	49.15
						\$ 6,799,844
						\$ 1.05
						\$ 1.27
						5,346,343
						5,080,664
						13,920
						.58
						50,499,680
						49.15

MAP SHOWING LOCATIONS OF  
**BETHLEHEM COPPER CORPORATION PROPERTIES**







## The Old and the New

### ABOVE

Loading ore from Snow Storm  
Zone for transport to Ashcroft  
during First World War.

### RIGHT

Loading concentrates at mine  
site for transportation to  
Vancouver.





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**REPORT  
TO THE  
SHAREHOLDERS**

**June-July-August  
1969**

*Second Quarter of Fiscal Year  
Ending February 28, 1970*

**BETHLEHEM  
COPPER CORPORATION  
LTD.**

1818 - 355 Burrard Street

Vancouver 1, B.C.



# BETHLEHEM COPPER CORPORATION LTD.

## SUMMARY OF OPERATING RESULTS

	Three months ended August 31st		First six months of fiscal year	
	1969	1968	1969	1968
Mill feed (dry) - average per calendar day	Tons 14,845	14,337	14,482	14,155
Grade of ore - copper	% .52	.60	.53	.60
Recovery	% 82.66	86.02	83.11	84.83
Average grade of tailings	% .090	.083	.089	.091
Concentrate grade	% 38.24	34.34	37.27	35.55
Copper produced	Pounds 12,421,171	13,365,068	24,676,895	26,184,061
Average copper price per pound	U.S. Cents 63.7	46.5	60.0	49.2
CONCENTRATE REVENUE	\$ 7,396,545	\$ 5,835,877	\$13,975,819	\$12,000,030
Deduct:				
Production, administration, transportation and marketing costs	\$ 2,878,630	\$ 2,611,250	\$ 5,566,664	\$ 5,122,781
Depreciation, exploration and debenture interest	\$ 624,102	\$ 455,252	\$ 1,161,057	\$ 922,864
	\$ 3,502,732	\$ 3,066,502	\$ 6,727,721	\$ 6,045,645
Income before income and mining taxes	\$ 3,893,813	\$ 2,769,375	\$ 7,248,098	\$ 5,954,385
Provision for income and mining taxes	\$ 1,686,100	\$ 1,270,451	\$ 3,125,100	\$ 2,645,451
NET INCOME	\$ 2,207,713	\$ 1,498,924	\$ 4,122,998	\$ 3,308,934
SHARES ISSUED	5,350,793			
EARNINGS PER SHARE	41.3c	28.0c	77.1c	61.8c

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Funds were provided from:		
Operations	\$ 4,122,998	\$ 3,308,934
Add expenses not requiring an outlay of funds —		
Depreciation and amortization	570,012	709,476
Deferred taxes	191,479	344,296
	4,884,489	4,362,706
Refund of special refundable tax	1,100	—
Exercise of employee share options	—	16,500
Employee housing repayments	34,849	6,918
Proceeds from disposal of fixed assets	19,421	54,375
	4,939,859	4,440,499
Funds were applied to:		
Dividends	1,337,698	1,184,497
Investments—Bethex Explorations Ltd. (N.P.L.)	—	100,000
Granite City Platinum Ltd. (N.P.L.)	—	6,000
Deferred deposits	7,381	33,544
Purchase of capital assets	1,311,781	866,722
Debenture redemption	—	3,774,340
Repayment of long term debt	143,955	153,626
Special refundable tax	—	10,040
Employee housing	6,000	—
	2,806,815	6,128,769
INCREASE (DECREASE) IN WORKING CAPITAL	\$ 2,133,044	\$ (1,688,270)

## WORKING CAPITAL

	As at August 31st	
	1969	1968
Current assets	\$12,771,225	\$ 8,727,942
Current liabilities	6,146,456	5,838,524
WORKING CAPITAL	\$ 6,624,769	\$ 2,889,418

## OPERATING RESULTS

Net income, after provision for income taxes, mining taxes, depreciation and exploration, amounted to \$2,207,700 which was an increase of \$708,800 over the \$1,498,900 earned in the comparable quarter a year ago. The increase is primarily due to the prevailing high price for copper. Indications are that favourable copper prices will persist for at least the balance of the current year.

## LABOR

In July we concluded a new agreement with our employees for a two year period extending to June 30th, 1971.

## EXPLORATION — HIGHLAND VALLEY

Drilling is continuing on the Valley Copper/Bethlehem Lake zone. Diamond drilling on the Lake zone during the past year has been by widely spaced drill holes to determine the outside limits of the orebody. Presently two drills are employed doing fill-in drilling and probing for extensions of the orebody.

## DIVIDENDS

The regular quarterly dividend of 12½c per share has been authorized for payment September 23rd, 1969.

P. M. REYNOLDS  
President

September 19th, 1969



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**SPECIAL REPORT No. 4  
ON EXPLORATION  
IN HIGHLAND VALLEY**



February 10th, 1969

**BETHLEHEM COPPER CORPORATION LTD.**

#1818 - 355 Burrard Street

Vancouver 1, B.C.



## INTERIM REPORT ON HIGHLAND VALLEY EXPLORATION

On December 16th, 1968, we reported that diamond drilling on the Lake Zone, adjacent to the ore body being developed by Valley Copper Mines Ltd., would be suspended for a two week period over the Christmas and New Year holidays. Weather conditions in British Columbia were most severe during the month of January and Highland Valley experienced heavier than normal snow fall and very severe cold temperatures. As a result, about 50% of drilling time was lost in the month of January. Individual drill results obtained since our last report are as follows:

**Hole No. 8**—has progressed to a depth of 960 feet. Overburden was heavy and a fault zone was encountered making the drilling difficult and progress slow. It appears that No. 8 will be a marginal hole.

**Hole No. 9**—has been completed to a depth of 1424 feet. The overburden depth was 282 feet and the average grade to a depth of 1400 feet was 0.47% Cu., with the last 10 feet grading 0.84%.

**Hole No. 10**—is drilling at a depth of 961 feet.

**Hole No. 11**—it is planned to move the drill from No. 8 to this location.

**Hole No. 12**—a fourth drill was brought to the property last week and has been set up at this location.

**Hole No. 13**—the diamond drill from No. 9 is in the process of being moved to location No. 13.

**Hole No. 14**—it is planned that when hole No. 10 is completed, the drill will be moved to location No. 14.

The area surrounding holes Nos. 1, 2 and 3 is potentially ore-bearing and will be drilled in the early spring.

Although the progress is slow due to ground and weather conditions, it would appear from the drilling done to date that the mineralized area on Bethlehem's mineral claims contains indicated and possible ore to the depths drilled exceeding 200 Million tons, grading 0.45% Cu. or better. It will be several months before the full extent and grade of the ore body is proven.

Plans for tailings disposal and water supply for milling purposes are under investigation as are preliminary milling tests.

The next report on our progress will be contained in the quarterly report to be mailed on March 24th, 1969.

PATRICK M. REYNOLDS  
President

